

Message Text

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ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02
OMB-01 L-03 /050 W
-----171033Z 077320 /17
P 170828Z MAR 77
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC PRIORITY 9862

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DEPARTMENT PLEASE PASS EXIM BANK

E.O. 11652: N/A
TAGS: ETRD, ID
SUBJECT: AIRPORT RESCUE AND FIRE-FIGHTING EQUIPMENT FINANCING

1. LAFRANCE EXPORT SALES CORP. OF ELMIRA, NEW YORK IS BIDDING ON
GOI CONTRACT FOR SUPPLY OF APPROXIMATELY \$6.5 MILLION OF AIRPORT
RESCUE AND FIRE-FIGHTING EQUIPMENT. BID IS SUPPORTED BY FIVE-
YEAR FINANCE PACKAGE AT COMMERCIAL TERMS OFFERED BY MARINE MID-
LAND BANK WITH 85 PERCENT OF RISK INSURED UNDER FCIA AND
REMAINING 15 PERCENT AT BANK'S RISK.

2. FRENCH FIRM (SICKLI) SUBMITTED LOWEST BID BUT SUBSEQUENTLY
WITHDREW, LEAVING LAFRANCE AS LOWEST BIDDER. TECHNICAL EVALUATION
STILL IN PROCESS. ACCORDING TO LAFRANCE, STIFFEST COMPETITION
COMES FROM JAPANESE AND CANADIAN FIRMS. BOTH SUBMITTED SUBSTAN-
TIALY HIGHER BIDS BUT A CANADIAN PURCHASE WOULD BE ELEGIBLE
FOR FINANCING UNDER \$200 MILLION LINE OF CREDIT PREVIOUSLY
EXTENDED GOI BY CANADIAN GOVERNMENT. JAPANESE FIRM WAS INITIALLY
DISQUALIFIED BECAUSE ITS OFFER DID NOT CONTAIN FINANCE PACKAGE
BUT WAS SUBSEQUENTLY REINSTATED OVER LAFRANCE PROTEST.
LAFRANCE LOCAL AGENT HAS OBTAINED INDIRECTLY COPY OF WHAT APPEARS
TO BE JAPANESE FINANCE PROPOSAL WHICH OFFERS 85 PERCENT FINANCING
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OVER SEVEN YEARS AT 7.5 PERCENT WITH ONE YEAR GRACE PERIOD. PRO-
POSAL DOES NOT APPEAR TO BE FIRM COMMITMENT INASMUCH AS LETTER
STATES THAT EXIMBANK OF JAPAN WOULD BE "PREPARED TO STUDY" THE
FINANCING AND THAT TERMS OFFERED ARE "SUBJECT TO AGREEMENT OF THE
JAPANESE AUTHORITIES." NEVERTHELESS JAPANESE PROPOSAL IS APPARENT-
LY NOW BEING TREATED BY GOI AS A COMMITMENT.

3. EARLIER THIS WEEK, LAFRANCE AGENT REPORTEDLY WAS TOLD BY MINISTRY FINANCE OFFICIAL THAT ITS CREDIT PACKAGE NOT ACCEPTABLE BECAUSE IT UNDERWRITTEN BY FCIA RATHER THAN DIRECTLY BY EXIMBANK. WE HAVE SUBSEQUENTLY BEEN TRYING TO REACH MINFIN OFFICIAL (MRS. BULY) TO SHOW USG INTEREST AND TO FIND OUT WHY SHE MADE EARLIER STATEMENT. IN ALL OTHER RESPECTS LAFRANCE PACKAGE APPEARS TO BE BERY COMPETITIVE BECAUSE OF LOW PRICE. EARLIEST WE WILL BE ABLE TO SEE HER WILL BE MARCH 21. IN MEANTIME, WE HAVE WRITTEN TO HER TO EXPLAIN HOW FCIA INSURANCE WORKS AND TO TELL HER WE WOULD BE DISTRESSED TO LEARN THAT FOR SOME REASON GOI CONSIDERS "UNACCEPTABLE" FCIA/EXIMBANK INSURANCE ARRANGEMENT.

4. FOREGOING PROVIDED BECAUSE WE UNDERSTAND MARINE MIDLAND (AND PERHAPS WELLS-FARGO AS WELL) ARE IN TOUCH WITH EXIMBANK TO SEEK GUARANTEE OR POSSIBLY LOAN AS PART OF FINANCE PACKAGE. WE WOULD SUPPORT DIRECT EXIMBANK PARTICIPATION IF POSSIBLE.

5. WE WILL REPORT FURTHER FOLLOWING MARCH 21 MEETING.
NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 17-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Review Withdrawn Fields: n/a
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Subject: AIRPORT RESCUE AND FIRE-FIGHTING EQUIPMENT FINANCING
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Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6bac09b7-c288-dd11-92da-001cc4696bcc
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